

Message Text

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TAGS: ETRD, EIND, JA

SUBJECT: TOKYO TRADE STUDY GROUP--ELECTRICAL APPLIANCE
STANDARDS

REF: (A) TOKYO 10001 (B) TOKYO 11387

1. SUMMARY: TSG SUBCOMMITTEE "ELECTRICAL APPLICANCES
FINAL REPORT AND CONCLUSIONS" OF APRIL 20, 1978 HAS
PROVIDED USEFUL IMPETUS FOR FURTHER TFC/TSG EFFORT ON
JAPANESE ELECTRICAL APPLIANCE STANDARDS APPROVAL PROCESS
AS A MAJOR BARRIER TO U.S. EXPORTS. THIS EFFORT INVOLVES
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LARGE AMOUNTS OF POTENTIAL TRADE BY MANY LARGE AND SMALL
U.S. EXPORTERS OVER A WIDE RANGE OF ELECTRICAL PRODUCTS.
WE BELIEVE THAT MITI RESPONSE NOTED REFTEL (A) ON
INSTITUTING A PRIOR CERTIFICATION ARRANGEMENT MAY BE A
HELPFUL IMMEDIATE STEP, BUT THAT LONGER TERM SOLUTION IS
REQUIRED. OUR OBJECTIVE IS TO GIVE U.S. MANUFACTURERS
EXPORTING TO JAPAN TREATMENT AT LEAST COMPARABLE TO THAT
ENJOYED BY JAPANESE MANUFACTURERS EXPORTING TO THE U.S.
THUS THE SOLUTION SHOULD INVOLVE TESTING IN THE EXPORTING
COUNTRY (UNITED STATES) RATHER THAN REQUIRED TESTING IN

THE IMPORTING COUNTRY (JAPAN). IN VIEW OF JAPANESE
NEGATIVE REACTION (SEE REFTEL A) TO THE RECOMMENDATION
OF THE TSG SUBCOMMITTEE REPORT THAT GOJ ACCEPT PRODUCTS

TESTED IN THE UNITED STATES TO UL STANDARDS, WE BELIEVE
THIS SOLUTION SHOULD BE BASED ON GOJ APPROVAL OF
CONFORMITY CERTIFICATION TO JAPANESE STANDARDS CARRIED
OUT IN TEST LABORATORIES AND FACILITIES IN THE EXPORTING
COUNTRY (UNITED STATES). MITI REGULATIONS TO ALLOW THIS
WOULD BE NECESSARY. SUCH TEST LABORATORIES AND FACILITIES
WOULD BE AUTHORIZED TO TEST PROTOTYPE ARTICLES, CERTIFY
ARTICLE CONFORMANCE WITH MITI STANDARDS BASED ON PRODUCT
CONFORMITY TESTS AND AUTHORIZE THE AFFIXING OF THE MITI
LABEL OF CONFORMITY TO FOREIGN MANUFACTURED ARTICLES.
THIS SOLUTION IS IN CONFORMITY WITH THE BASIC OBJECTIVE
OUTLINED IN THE TSG SUBCOMMITTEE REPORT, I.E., U.S.
MANUFACTURERS SHOULD RECEIVE TREATMENT COMPARABLE TO THAT
ENJOYED BY JAPANESE MANUFACTURERS EXPORTING TO THE U.S.
THE MAIN SOLUTION HERE ACHIEVES THESE OBJECTIVES WITHOUT
REQUIRING THE GOJ TO ACCEPT FOREIGN STANDARDS IN LIEU OF
DOMESTIC STANDARDS. AN IMPORTANT CONDITION OF THIS
SOLUTION IS THAT CERTAIN CURRENT MITI DESIGN STANDARDS
SHOULD BE REPLACED WITH QUANTIFIABLE PERFORMANCE
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STANDARDS. THIS ACTION IS NECESSARY TO FACILITATE U.S.
TRADE OF ELECTRICAL APPLIANCES AND WOULD ALSO BE IN
ACCORDANCE WITH MAJOR PRINCIPLES BEING NEGOTIATED IN
GENEVA IN THE MULTILATERAL TRADE NEGOTIATIONS BY THE U.S.
AND JAPAN, AMONG OTHERS. END SUMMARY.

2. THE TSG SUBCOMMITTEE REPORT NOTES THAT A MAJOR
BARRIER FACING U.S. ELECTRICAL APPLIANCE MANUFACTURERS
ATTEMPTING TO EXPORT AND MARKET PRODUCTS IN JAPAN IS THE
PRESENT APPROVAL PROCESS, WHICH IS TIME CONSUMING AND
CUMBERSOME FOR FOREIGN SUPPLIERS. REFTEL (B) LISTS AND
EXPLAINS THE JAPANESE LAWS AND REGULATIONS THAT CONTROL
THE MANUFACTURE, IMPORTATION, AND SALE OF ELECTRICAL
PRODUCTS IN JAPAN AND WHICH PROVIDE FOR MITI-APPROVED
TESTING AND MITI TYPE APPROVAL IN JAPAN BY MEANS OF "AN
OFFICIALLY DESIGNATED TESTING LABORATORY" AND MITI
CERTIFICATION THAT THE PROTOTYPE CONFORMS TO ALL TECHNICAL
CRITERIA IN THE JAPANESE STANDARDS. REFTEL (B) ALSO
INDICATES THAT IN THE CASE OF FOREIGN PRODUCTS, LOCAL
IMPORTERS MUST FOLLOW REQUIRED PROCEDURES FOR PRODUCT
TESTING AND MODEL CERTIFICATION ON BEHALF OF FOREIGN
MANUFACTURERS, SINCE THE LATTER ARE NOT ALLOWED TO DEAL
DIRECTLY WITH MITI.

3. THE TSG SUBCOMMITTEE RECOMMENDATION (CONTAINED IN THE
SUBCOMMITTEE SECOND PROGRESS REPORT) CONCERNING THIS
ISSUE WAS THAT MITI RECOGNIZE THE UNDERWRITERS LABORATORY

(UL) LISTING ON U.S. PRODUCTS. THIS WOULD HAVE THE BENEFITS TO U.S. EXPORTERS OF A) ENABLING U.S. MANUFACTURERS TO GET MITI APPROVAL IN THE UNITED STATES; B)

OBVIATING THE NEED FOR U.S. MANUFACTURERS TO PRODUCE TO DIFFERENT SETS OF STANDARDS FOR THE JAPANESE AND U.S. MARKETS; AND C) GIVING U.S. EXPORTERS SIX MONTHS WRITTEN NOTICE OF IMPENDING CHANGES TO CURRENT REGULATIONS. HOWEVER, THIS WOULD INVOLVE GOJ ACCEPTANCE OF FOREIGN UNCLASSIFIED

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STANDARDS IN LIEU OF THEIR OWN MANDATORY NATIONAL REQUIREMENTS AND GOJ ACCEPTANCE OF FOREIGN TESTING ON GOODS TO BE DOMESTICALLY CONSUMED. AS CITED IN REFTEL A, THIS IS NOT TECHNICALLY OR LEGALLY ACCEPTABLE TO THE JAPANESE. IN VIEW OF THIS, AND CONSIDERING U.S. INDUSTRY VIEWS OF THE MOST IMPORTANT ASPECTS OF THE PROBLEM, WE FAVOR THE SOLUTION DETAILED IN PARAGRAPH 5 BELOW, WHICH WOULD NOT REQUIRE JAPAN TO ACCEPT PRODUCTS TESTED AND DESIGNED TO MEET FOREIGN STANDARDS.

4. REFTEL (A) NOTED THAT PART OF THE MITI RESPONSE TO THE TSG RECOMMENDATION WAS MITI EXAMINATION OF THE POSSIBILITIES FOR AN ALTERNATIVE "PRIOR CERTIFICATION ARRANGEMENT" BETWEEN FOREIGN MANUFACTURERS AND SPECIFIED JAPANESE TESTING INSTITUTES FOR POSSIBLE IMPLEMENTATION APRIL 1, 1979. WHILE THIS PROPOSED "SOLUTION" MIGHT BE FACILITATIVE AS COMPARED TO THE PRESENT SYSTEM, IT RETAINS THE REQUIREMENTS THAT TESTING BE CONDUCTED IN JAPAN BY A JAPANESE ORGANIZATION AND THAT THE APPLICANT FOR APPROVAL BE A JAPANESE NATIONAL RATHER THAN A FOREIGN FIRM OR TEST ORGANIZATION. FOR THESE REASONS, WE FIND THE "PRIOR CERTIFICATION ARRANGEMENT" TO BE UNSATISFACTORY AS A LONG-TERM SOLUTION TO THE BASIC PROBLEM OF TIMELY APPROVAL BASED UPON TESTING CLOSE TO THE SOURCE OF THE PRODUCT. IT ALSO FAILS TO FULFILL THE BASIC OBJECTIVE OF NON-DISCRIMINATORY TREATMENT FOR U.S. SUPPLIERS COMPARABLE TO THAT AFFORDED JAPANESE EXPORTERS TO THE U.S. MARKET.

5. WE BELIEVE THAT U.S. ACCESS TO THE JAPANESE MARKET FOR ALL ELECTRIC APPLIANCES AND RELATED EQUIPMENT, MACHINERY, AND APPARATUS REQUIRING MITI PROTOTYPE TESTING AND APPROVAL COULD BE IMPROVED BY ALLOWING UNCLASSIFIED

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PRODUCT TESTING FOR CONFORMITY WITH CURRENT MITI REQUIREMENTS--STANDARDS, PROTOTYPE APPROVAL, TESTING, CONFORMITY MARKING, AND PRODUCT CONFORMITY TESTING PROCEDURES--WITHIN EXISTING LABORATORIES AND TEST

FACILITIES LOCATED IN THE U.S.

6. THIS SOLUTION IS COMPARABLE TO THE CURRENT SITUATION FACED BY THE JAPANESE IN EXPORTING ELECTRICAL APPLIANCES TO THE UNITED STATES. ALTHOUGH THE U.S. GOVERNMENT DOES NOT HAVE A BODY OF MANDATORY NATIONAL STANDARDS APPLICABLE TO HOUSEHOLD ELECTRICAL APPLIANCES, A

SUBSTANTIAL NUMBER OF LOCAL GOVERNMENT BODIES REQUIRE ELECTRICAL APPLIANCES TO COMPLY WITH UL STANDARDS, AND TO INDICATE SUCH COMPLIANCE BY BEARING THE UL LABEL OF CONFORMITY UPON EACH INDIVIDUAL PRODUCT. THUS IT IS IMPOSSIBLE TO ENGAGE IN NATIONWIDE DISTRIBUTION OF ELECTRICAL APPLIANCES IN THE UNITED STATES WITHOUT UL APPROVAL. CURRENTLY, THE JAPANESE ARE MANUFACTURING PRODUCTS IN JAPAN TO COMPLY WITH UL STANDARDS. THE PRODUCTS CAN BE TESTED IN JAPAN. THEY ARE MARKED WITH THE UL LABEL OF CONFORMITY SUPPLIED IN JAPAN AND SHIPPED TO THE UNITED STATES WHERE THEY ARE ACCEPTED BY LOCAL GOVERNMENTS AS COMPLYING WITH LOCAL ORDINANCES WHICH REQUIRE UL CONFORMITY LABELS. THE ONLY TESTS CONDUCTED IN THE UNITED STATES ARE SPOT COMPLIANCE CHECKS BY LOCAL GOVERNMENTS. IN JANUARY 1978, JAPANESE FIRMS OPERATING AT 1,572 LOCATIONS IN JAPAN WERE AUTHORIZED TO TEST AND AFFIX THE UL LABEL OF CONFORMITY UPON PRODUCTS SHIPPED TO THE UNITED STATES.

7. CONSIDERATION SHOULD THEREFORE BE GIVEN TO SUBMITTING THE FOLLOWING PROPOSAL WHICH WE BELIEVE WOULD FACILITATE U.S. EXPORT TRADE TO JAPAN IN ELECTRICAL APPLIANCES: ESTABLISH MITI APPROVAL OF LABORATORIES AND TEST FACILITIES IN THE UNITED STATES AUTHORIZED TO UNCLASSIFIED

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TEST PROTOTYPE ARTICLES, TO CERTIFY ARTICLE CONFORMANCE WITH MITI STANDARDS, TO CONDUCT PRODUCT CONFORMITY TESTS WITH ACCEPTABLE DEGREE OF STATISTICAL PRECISION, AND TO AUTHORIZE THE AFFIXING OF THE MITI LABEL OF CONFORMITY TO U.S. MANUFACTURED ARTICLES. IMPLEMENTATION OF THIS PROPOSAL WOULD HAVE THE ADVANTAGES OF ELIMINATING THE MAIN PROBLEMS IN THE APPROVAL PROCESS AND OF ATTAINING U.S. OBJECTIVES, WHILE AT THE SAME TIME AVOIDING THE ISSUE OF GOJ ACCEPTANCE OF FOREIGN STANDARDS. THIS PROPOSAL WOULD ONLY REQUIRE MITI TO ALLOW A FOREIGN TEST ORGANIZATION TO CONDUCT THE TESTS OF PROTOTYPES TO ESTABLISH THEIR CONFORMITY WITH JAPANESE STANDARDS AFTER MITI IS SATISFIED THAT THE FOREIGN TEST FACILITY MEETS ITS REQUIREMENTS FOR TECHNICAL COMPETENCY IN THE MANNER IN WHICH TESTS ARE CONDUCTED. THE PROPOSAL WOULD ALLOW JAPAN TO MAINTAIN THE REQUIREMENT THAT ALL U.S. PRODUCTS MANUFACTURED FOR THE JAPANESE MARKET MUST COMPLY WITH MINIMUM MITI STANDARDS REQUIREMENTS

BUT IT WOULD REQUIRE AMENDMENT OF THE MITI REQUIREMENT THAT PROTOTYPE TESTING AND AFFIXING OF MITI LABEL OF CONFORMITY BE PERFORMED IN JAPAN BY A JAPANESE AGENT. AT THE PRESENT TIME, UNDERWRITERS LABORATORIES, INC., CHICAGO, ILLINOIS, HAS THE CAPABILITY OF PERFORMING ALL REQUIREMENTS LISTED. LISTS OF U.S. GOVERNMENT

CERTIFIED LABORATORIES ARE AVAILABLE FOR THE EXPANSION OF MITI-CERTIFIED LABORATORIES AND TEST PROGRAMS.

8. IN ADDITION TO IMPLEMENTING THE PROPOSAL IN PARA (7) ABOVE, WE BELIEVE AND PROPOSE THAT THE JAPANESE SHOULD: A) REVISE CERTAIN CURRENT MITI STANDARDS TO ELIMINATE DESIGN STANDARDS AND "SUBJECTIVE" TESTS FOR CONFORMITY AND REPLACE THEM WITH PERFORMANCE STANDARDS
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AND QUANTIFIABLE TEST REQUIREMENTS, E.G., FOR ELECTRIC CORDS; AND B) ESTABLISH MITI PROCEDURES FOR THE DEVELOPMENT OF PRODUCT STANDARDS AND AMENDMENTS THERETO, SO AS TO PROVIDE FOR ADEQUATE NOTICE TO THE PUBLIC, ADEQUATE TIME FOR RECEIPT OF COMMENTS FROM INTERESTED PARTIES, AND ADEQUATE TIME BEFORE EFFECTIVE DATE OF IMPLEMENTATION OF ENTRY INTO FORCE OF NEW OR AMENDED REQUIREMENTS. BOTH OF THESE PROPOSALS WOULD FACILITATE U.S. EXPORTS AND ARE IN ACCORD WITH RECOMMENDATIONS AND CONCLUSIONS OF THE TSG SUBCOMMITTEE REPORT. IN ADDITION, THEY REFLECT BASIC PRINCIPLES OF THE STANDARDS CODE OF CONDUCT BEING NEGOTIATED IN GENEVA IN THE MTN. BOTH JAPAN AND THE U.S. HAVE BEEN ACTIVELY INVOLVED IN THIS NEGOTIATION.

9. WE ALSO WOULD CONSIDER PROPOSING TO THE JAPANESE THAT OFFICIAL ENGLISH TRANSLATIONS OF MITI STANDARDS BE PROVIDED, PERHAPS FOR A MINIMAL FEE.

10. DEPENDING ON THE OUTCOME OF EMBASSY ACTION (PARA. 11), WE LOOK FORWARD TO TFC/TSG TECHNICAL DISCUSSIONS AS SOON AS POSSIBLE AMONG REPRESENTATIVES OF THE ASSOCIATION OF HOME APPLIANCE MANUFACTURERS (AHAM), THE MAJOR U.S. TRADE ASSOCIATION REPRESENTING ELECTRIC APPLIANCE MANUFACTURERS' UNDERWRITERS LABORATORIES, INC.; THE TSG SUBCOMMITTEE MEMBERS; USDOC OFFICIALS; AND MITI AND OTHER APPROPRIATE JAPANESE REPRESENTATIVES REGARDING THESE PROPOSALS AND THEIR POSSIBLE IMPLEMENTATION.

11. ACTION REQUESTED: EMBASSY IS REQUESTED TO DISCUSS INFORMALLY WITH MEMBERS OF TSG ELECTRICAL APPLIANCES SUBCOMMITTEE AND MITI (IF EMBASSY CONSIDERS APPROPRIATE) OUR TENTATIVE PROPOSAL AND ADVISE USDOC OF THE RESULTS AND EMBASSY VIEWS. EMBASSY MAY WISH TO DISTRIBUTE COPY OF ABOVE SUGGESTIONS TO TSG MEMBERS AT THIS TIME. VANCE

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